

# BRIEFINGS

MIND THE



WEALTH GAP

Intergenerational Justice and Family Welfare



## Young People, Homeownership and the Fallacy of Choice

### Introduction

Homeownership has been 'normalised' as the natural tenure of 'choice' in the UK.<sup>1</sup> Supported by government housing policies including the Right to Buy, Mortgage Interest Tax Relief, Shared Ownership/Equity and Help to Buy, levels of owner-occupation have grown since the 1980s.<sup>2</sup> Since the global credit crunch of 2007/8 and subsequent age of austerity homeownership has however experienced a period of contraction. Social housing has also declined, whilst the size of the private rented sector has nearly doubled over the last decade. These shifts in the housing tenure structure are significant and reflect the wider social, economic and political context within the UK. Moreover these changes are not experienced uniformly across people and places; there are significant social-spatial variations with young people being one of the groups in society most heavily affected, as reflected in the rise of 'generation rent'. Drawing on qualitative interviews and focus groups with 62 young people and 18 housing experts across the UK this briefing paper will underline the constrained nature of 'choice' facing young people as they navigate the housing market in austere times.

### The Fallacy of Choice

Popularised by the media and policy commentators 'generation rent' reflects the growing phenomenon of young people living in the rental sector for longer because they cannot afford to access homeownership. Over 40 percent of under 35s now reside in the private rented sector, although there are regional variations across the UK with these figures being highest in England.<sup>3</sup> At the same time, growing numbers are also residing in the parental

<sup>1</sup> McKee, K. (2011) "Challenging the Norm? The 'Ethopolitics' of Low Cost Homeownership in Scotland", *Urban Studies* 48 (16): 3397-3411

<sup>2</sup> McIntyre, Z. and McKee, K (2012) "[Creating Sustainable Communities through Tenure-Mix: the responsabilisation of marginal homeowners in Scotland](#)", *Special Issue: Sustaining Communities: being in/between place in the neoliberal era*, *Geojournal* 77 (2): 235-247.

<sup>3</sup> Moore, T. (2013) "Briefing Paper 5: Where are Young People Living", *Mind the (Housing) Wealth Gap*: [http://wealthgap.wp.st-andrews.ac.uk/files/2013/02/WealthGap\\_No\\_05\\_Where\\_are\\_young\\_people\\_living.pdf](http://wealthgap.wp.st-andrews.ac.uk/files/2013/02/WealthGap_No_05_Where_are_young_people_living.pdf)

home for longer, with some leaving and subsequently returning, resulting in them being labelled 'boomerang children'.<sup>4</sup> This is a significant change in the lives of young people given the importance of independent living in youth transitions to adulthood.<sup>5</sup>

Our qualitative research highlighted that whilst the majority of young people aspired to own their own home, they nonetheless constructed this normalised ideal as a 'fallacy of choice', for it was not achievable in reality. Our young people expressed universal frustration at the un-affordability of housing. Tightening mortgage criteria that required larger deposits were unachievable for them without family support. At the same time rents in the private rented sector made it difficult to save, leaving those without support networks feeling trapped and consigned to renting for the foreseeable future:

"I just think like renting is just a waste of money. And the money that I'm paying to rent throughout my university life could be used towards a house but that's something I will possibly never be able to do because I will be constantly renting. And it would obviously ideal to get your own house and pay off your own mortgage; but I could never do something like that because of my situation. And I feel like I'm never going to get out of that and I'll constantly be renting" (Female, 19, Edinburgh).

Crucially, this was not perceived solely as a housing 'problem'. Young people underlined the broader economic context and how a lack of secure, well-paid employment made it even more difficult to realise their housing aspirations. Indeed the reality for many was insecure, temporary and low-paid work with salary levels that made homeownership even more challenging to sustain. This was despite many having pursued higher education, and incurring significant student debt in doing so:

"I think I've pretty much given up on the idea of owning my own home, I don't think I'll ever have enough money to be able to afford something [...] because you're paying so much in rent and not earning very much to begin with! And as well the job situation: I worked for three years in [anonymised] but I had temporary contracts so no security but I would still be there the next year. So I couldn't really begin to think about 'well, maybe I could buy a house and settle down' because I didn't know if I'd still be able to work there" (Female, 30, Belfast)

"I think the Government's message that the student loans are not real debt, they are harmless, they are very friendly forms of debt is just very dangerous. £45,000 loan is like half of a mortgage, it will prevent you from saving for later life. People shouldn't underestimate it" (Expert Interview 5)

Regional variations in labour markets, as well as housing markets, emerged as significant and threatened to undermine young people's attachment to place and the bonds of kinship which were so important in accessing homeownership in the first instance. Young people spoke very honestly and emotionally about the financial and in-kind help they had received from their parents, and the perceived importance of this help in getting on and staying on the housing ladder.

---

<sup>4</sup> Stone, J; Berrington, A; and Falkingham, J. (2014) "Gender, Turning Points, and Boomerangs: returning home in young adulthood in Great Britain", *Demography* 51(1): 257-276.

<sup>5</sup> Beer, A. et al (2011) *Housing Transitions through the Life Course: aspirations, needs and policy*, Bristol: Policy Press.

## Problematizing Generation Rent

Our qualitative research also highlighted the need to problematize the concept of 'generation rent' for young people are not an homogenous group. There are significant variations in experience in relation to:

1. Age – the situation of very young people leaving home (16-21) is starkly different to those at the higher end of our age range (30-35). This reflects differentials in educational attainment, earnings and savings, and their ability to access state support in the form of social security benefits. Recent changes introduced by the Welfare Reform Act 2012 are significant here.<sup>6</sup>
2. *Socio-Economic Background* – young people from lower income backgrounds who lacked family financial support found accessing homeownership more of a challenge. This lends weight to previous research which suggests homeownership may increasingly become the preserve of the children of homeowners.<sup>7</sup> Not all young people can remain at home until their 30s, nor can they necessarily rely on their family to support them financially or otherwise.
3. *Geography* – housing and labour markets vary spatially, moreover the welfare-safety net is not uniform across the UK due to the devolved nature of public policy making.<sup>8</sup> House prices and tenure structures also vary geographically, with significant differences between rural and urban differences, and between different UK regions.
4. *Household Size* – single households faced particular challenges obtaining a mortgage due to lower earnings, whilst couple households could potentially borrow more.

Young people's experiences of navigating the housing markets are diverse, and indeed, past research has detailed a number of emergent housing pathways.<sup>9</sup> A key aim of our research has been to explore these *intra-generational inequalities*, not least because policy often fails to recognise this heterogeneity amongst young people. Yet understanding these differences is critical in being able to provide young people with housing options that meet their needs. As our work and previous research has highlighted, not all young people aspire to homeownership.<sup>10</sup> Some valued the security of social renting, whilst other appreciated the flexibility private renting offered at a certain stage in their life. A one size fits all policy solution is not the answer, rather a range of housing products spanning different tenures are required to facilitate the flexibility, affordability and security young people both require and desire.

**Contact for further information:** Dr Kim McKee, Centre for Housing Research, University of St Andrews (km410@st-andrews.ac.uk)

---

<sup>6</sup> McKee, K; Moore, T ; and Muir, J. (2014) "Briefing 1: The Big Society and Welfare Reform", *ESRC Seminar Series – The Big Society, Localism and Housing Policy*. Centre for Housing Research, University of St Andrews: St Andrews: <http://bigsocietymlocalismhousing.co.uk/wp-content/uploads/2012/08/ThematicReport1.pdf>

<sup>7</sup> Appleyard, L. and Rowlingson, K. (2010) *Home Ownership and the Distribution of Personal Wealth*. York: Joseph Rowntree Foundation.

<sup>8</sup> Muir, J. and McKee, K. (2015) "Briefing 3: Devolution, Localism and Housing Policy", *ESRC Seminar Series – The Big Society, Localism and Housing Policy*. Centre for Housing Research, University of St Andrews: St Andrews: <http://bigsocietymlocalismhousing.co.uk/wp-content/uploads/2012/08/Thematic-Report-3.pdf>

<sup>9</sup> Clapham, D. et al (2012) *Housing Options and Solutions for Young People in 2020*. York: Joseph Rowntree Foundation.

<sup>10</sup> Ecotec (2009) "Young People's Housing Transitions". York: Joseph Rowntree Foundation.